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File 2 AGRICULTURAL SITUATION REVIEW

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3A Speaking Time: 10 Minutes.

OPENING ANNOUNCEMENT: Once again we bring you the monthly review of the business situation of farming in the United States prepared by the United States Department of Agriculture for broadcast by Station_____.

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The Department today sends us sort of a final round-up of the facts that we have been giving you on prospects for the main farm commodities in the outlook reports broadcast last week. The Department economists now try to bring together for us the chief facts in the general situation for the whole agriculture of the United States.

They say the immediate prospect for agriculture is clouded. For one thing, the buying power of consumers in this country and in other countries is very low. In the second place, our agricultural products that go into foreign trade meet with a host of trade restrictions and some of them also meet with increased competition from supplies of the same products grown in other countries.

The acute price situation, with agricultural products at an enormous disparity, the burden of mortgage debt and of other relatively high costs and charges, all lie heavily upon the farm business as it plans its 1933 operations.

There is prospect of some slight improvement of buying power in the domestic market, say the economists. If this improvement comes, it will result from an increase in employment in the light industries -- the ones that make the less durable goods. We have been wearing out such goods for three years and have been replacing very little. 1933 may be the point at which there will have to be a considerable volume of replacement. If so, employment would pick up in those industries, and the purchasing power of the workers in them would revive somewhat.

However, the economists say that if we are to have more than a slight improvement in demand for farm products, employment and payrolls must increase in the heavier industries such as iron and steel and automobiles and buildings and railroads.

Well, so much for the general outlook for demand for our farm products in this country and in other countries. Now some of the facts about the outlook with respect to the great cash crops, and the different sorts of livestock and livestock products.

The wheat outlook, apart from the world situation of large acreages and supplies, is influenced on the one hand by the large prospective carryover, and on the other by the very poor condition of winter wheat now growing. Much depends upon the acreage of spring wheat to be sown. The acreage of spring

wheat to be sown, in turn, depends upon the market prospects for flax, the alternative crop to spring wheat in the Northwestern States where most of the spring wheat is grown. Also upon the ability of farmers to finance this year's spring wheat crop. The economists have concluded that unless business and building activities increase materially from their unusually low levels, the flax acreage seeded in 1932 -- an acreage of 2 million 600 thousand -- seems to be about the maximum acreage warranted. By that they mean that on an acreage of that size, if yields are average, the flax crop would be just about big enough to supply the domestic requirements of the coming year. When we get a crop big enough to supply our domestic requirements, we get less benefit from the tariff, since our domestic prices recede toward the prices paid for flax in the surplus producing foreign countries.

That point of ability of spring wheat growers to finance production this year brings up another trouble of farmers, especially of farmers in the highly commercialized sections of cash crop production. This trouble is that the supplies of funds available from country banks, and the other usual sources of loans to finance crop and livestock production are smaller this year than they were last. The only relief in sight is some new credit from the Federal agencies. One Federal agency is the regional agricultural credit corporations set up by the Reconstruction Finance Corporation in each of the 12 Federal land bank districts. The other possible source, not yet a certainty, is a special fund for crop production loans to be administered by the Secretary of Agriculture for the Reconstruction Finance Corporation. The bill providing this fund has been passed by the Congress and now awaits approval of the Chief Executive. If and when this approval is given, the Secretary of Agriculture will draw up the regulations for administering these funds. The economists say that you can get information about these new sources of crop production loans from your local banker or your county agricultural agent.

But to come back to our reports of the outlook for the great cash crops of the country -- there is some encouragement both with respect to consumption and supplies of cotton. Of course, supplies of cotton are very large and the purchasing power of consumers is still low. But the world has called a halt in the process of piling up cotton supplies that has been going on for three years. And consumption of cotton has staged a moderate increase. Cotton textile stocks in the United States at the end of 1932 were much lower than at the end of any of the preceding 5 years. Cotton is less hampered by trade restrictions in foreign markets than are exports of foodstuffs. During the 4 months from August to November of last year the world used a tenth more American cotton than in the like period of the previous year. But remember that the world supply of American cotton still is large enough to accommodate the needs of the world for 2 full years -- that is, if the world uses no more American cotton than it used last year. We have worked into a better competitive position in the world markets, the relationship of our prices to the prices of foreign countries both of long and short staple now being more favorable to the use of American cotton than it was last year.

With respect to livestock, the supply of meat animals on farms, in terms of total live weight, has been increasing gradually for 5 years. It is now about a tenth larger than 5 years ago. Last year the increase was due to the large number of cattle, which more than offset a decrease in sheep, hog numbers being little changed.

There is little increase indicated in the coming spring pig crop. Last year's total pig crop was smaller than the pig crop of 1931, so we shall have fewer hogs coming to market in the rest of this hog marketing year (it extends to September 30, 1933) than we did in the same months a year ago. But the market men expect all of the decrease as compared with last year to take place in the 4 months from January 1st to April 30th. During this period, growers will be putting more cheap feed into hogs that they normally would send to market as they came to the end of the usual feeding period. This longer feeding period will increase the average weight of the hogs to go to market in the months after April, and bring up the total tonnage for the year. Hog producers in European countries are cutting down the numbers of stock on hand, so we may see some improvement in the foreign markets for our hog products during 1933. However, the economists do not foresee much improvement in the domestic market, even though consumer income should increase, for past experience indicates that increases in demand for meats lag behind increases in the purchasing power of consumers.

That situation of course affects the markets for beef, also for dairy products. And it looks as if there will be ample supplies of both this coming year. The number of cows in the country, beef and dairy combined, is now the largest ever known. There are slightly more beef cattle on feed now than a year ago. And there are more milk cows on farms than a year ago. However, the total milk production did not increase last year. The reason of course was that farmers and dairymen did not feed so much grain and concentrates.

The number of chickens in the country is also larger than it was a year ago, and poultrymen look forward to larger production of eggs and larger hatching of chicks this year than last year. However, they do foresee smaller production of turkeys.

Well, so much for the short-time outlook for supply of and demand for some of the chief farm products during 1933. Now the economists tell us that the longer time outlook for agriculture depends largely upon what happens to the general level of commodity prices. If commodity prices rise, agriculture will be one of the first industries to benefit. If prices stabilize at or below present levels, the farm situation can improve only as the readjustments are hastened which will bring wages, charges, taxes and costs of all kinds into line with the lower price level.

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CLOSING ANNOUNCEMENT: We have given you a review of the situation of the farming industries as we enter 1933. This review comes from the United States Department of Agriculture which cooperates with Station_____ in presenting a similar analysis of the business condition of farming early each month. The Department economists ask us to remind you this month that you may obtain from your county agricultural agents more detailed reports on the outlook for production of and demand for the crops and livestock which you may be planning to produce during 1933. Ask the county agent for information on the places and dates of meetings to discuss 1933 outlook reports of the United States Department of Agriculture and the State agricultural colleges, or if the meetings already have been held in your territory, ask for copies of the State outlook reports.

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